27th June 1952]

SRI V. CHAKKARAI CHETTY :—" Can the Hon. Minister say how many such medical certificates have been issued and what the quantity is of the liquor, foreign and indigenous, that has been supplied to them?"

THE HON. SRI V. C. PALANISWAMI GOUNDER :—" Notice, Sir."

III.—MESSAGE FROM THE GOVERNOR.

MR. CHAIRMAN :—" I have to announce to the House that I have received the following letter, dated the 25th May 1952, from Shri Sri Prakasa, Governor of Madras :—

' I have received with great satisfaction your Resolution of thanks for the Address with which I opened the present session of the Legislature '."

[*Note.*—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

IV.—BUDGET FOR THE YEAR 1952–53.

* THE HON. SRI C. RAJAGOPALACHARI :—" Mr. Chairman, Sir, on behalf of the Minister for Finance, I present to this House the Budget of the Government of Madras for the year 1952–53. Copies of the Budget speech of the Finance Minister [a] are now with all hon. Members and I think it is not necessary that I should formally read out his speech. With your leave, I shall make only a few observations.

" The main feature of the present Budget is that it is highly deficit. This was to be expected in view of the increasing demand of the public for welfare services. Ambitious targets have been set for the constructive work of all departments. New items of ameliorative service are making increasing demands on the exchequer. Political conditions and the post-war economic confusion have created new problems in administration, which call for substantial increases in administrative and security services. The progressive increase in expenditure in various departments can be seen from the following comparative figures :—

	Expenditure in 1945–46 RS. LAKHS.	*Estimated expenditure in* 1951–52 RS. LAKHS.
Education	460	1,180
Public Health	234	483
Agriculture	74	389
Highways	146	499
Rural Development	Nil.	57
Harijan Uplift	29	113
Police	298	668
General Administration	427	712

[a] See Appendix on pagees 17–53 infra.

[Sri C. Rajagopalachari] [27th June 1952

"In order to meet the growing needs of the exchequer, additional taxes had been levied from time to time. The one source which was found most fruitful, was the General Sales Tax, including the levies on petrol and entertainments. While there need be no limit to the amount that can be spent by a welfare department, there is a natural limit to the growth in the revenues of the State, because the latter must necessarily come out of the taxable margin in the *per capita* income of the citizen. We can have a Welfare State only if we work for it and step up production. To those who see, the present Budget draws attention to this grim reality in Public Finance.

"The precarious balance between Revenue and Expenditure, which had been maintained during the past few years was now thrown completely out of gear, by famine. The outlay on the various relief measures has been roughly estimated at about Rs. 6 crores as detailed in the Budget speech. At the same time, the slump in trade and industry has materially affected our revenues from the General Sales Tax. As against a total revenue of Rs. 63½ crores, as anticipated in the revised estimate of last year, the actual realization was only a little over Rs. 59 crores, registering a fall of Rs. 430 lakhs. The decrease in revenue was mainly under Land Revenue—Rs. 121 lakhs, Sales Tax—Rs. 67 lakhs, Electricity Schemes—Rs. 53 lakhs and Stamps—Rs. 74 lakhs. The net result of last year's transaction, was a revenue deficit of Rs. 329 lakhs, as compared with a deficit of only Rs. 10 lakhs, anticipated in the revised estimate. This deficit was covered by the only expedient possible, namely, by withdrawal from the Reserves.

"For the current year, the Interim Budget presented last March, had anticipated a revenue of Rs. 63 crores 90 lakhs and an expenditure of Rs. 64 crores 76 lakhs, leaving a deficit of Rs. 86 lakhs. These estimates were prepared on the actuals of the first eight months of last year and before the adverse turn in our fortune had set in. According to present anticipations, our revenues are not likely to exceed Rs. 61 crores 76 lakhs, but our expenditure will be of the order or Rs. 65 crores 35 lakhs, leaving a deficit of Rs. 3 crores 59 lakhs. Receipts under General Sales Tax alone are likely to fall by Rs. 1 crore 50 lakhs and the subsidies anticipated from the Government of India on Grow-More-Food schemes, have come down by Rs. 60 lakhs. The expenditure on relief measures is expected to be Rs. 73 lakhs more than what had been estimated earlier.

"In a year of large revenue deficit, it is not orthodox finance to enter into new commitments. And yet we have granted liberal concessions to large numbers of public servants at a cost which may well mount up to Rs. 1 crore per annum. Several beneficent new schemes, the ultimate cost of which will amount to Rs. 4 crores, are proposed to be introduced, as explained in paragraph 12 of the Budget speech. Actually, the deficit in the Budget could

be reduced very considerably or even wiped off, if these new measures are put off. If we had decided to steer that course, this House would have rightly said that we lacked a dynamic policy.

" If the State should be progressive in respect of new development schemes, it follows axiomatically that new resources should be tapped. The new taxation proposals explained in paragraph 20 of the Budget speech have therefore become unavoidable. These proposals may bring in an additional revenue of about Rs. 4 crores in a full year; but the amount taken credit for during the remaining period of the current year is only Rs. 270 lakhs, reducing the deficit to manageable proportions. It may be possible, in due course, to effect some savings in certain administrative departments in the light of the new policies of the Government. The problem of University-educated middleclass unemployment by retrenching large establishments is real, but it has to be faced to the extent practicable. The matter is engaging our close attention.

" On the side of Capital Expenditure, we are doing fairly well. Our projects are making rapid progress and a good many of them may be expected to be completed this year and the next. We have invested about Rs. 16 crores on them last year and we have programmed to invest a similar sum on them during the current year. With this investment, our reserves will be practically wiped out, but as explained by the Finance Minister, the reserves were built up primarily for the purpose of financing capital works and therefore, we should not regret having put them to proper use. We may be in difficulties to find the resources needed next year for completing our programme; but it may be too soon to worry about our ways and means difficulties for the coming year. I would like to draw particular attention to our general position. Our assets are worth Rs. 131 crores and our liabilities amount to Rs. 92 crores, leaving a favourable margin of Rs. 39 crores. The general public can therefore see that this State continues to be as safe an investment as ever, for the surplus cash in the private sector.

" The key to welfare is more production. And that cannot be achieved unless we create a zest for production. Portrait painting and works of art may flourish by reason of the pleasure in the work itself. But the hard work, and drudgery involved in the cultivation of foodcrops requires at least the sense of freedom to dispose of what is raised by that work and that drudgery. After decontrol, I have found everywhere a reaction of joy over it and a sense of general well-being and freedom almost as intensely felt as when the British left us declaring we were free to rule ourselves. I have every confidence we shall find that our people deserved this freedom. Let not political interests warp our judgment or affect our attitude in this respect. I am grateful to all those leaders who despite political and other differences welcomed the step I took and in particular to the Government of India that helped us so readily and willingly to put our policy into effect."

[27th June 1952

SRI S. B. ADITYAN :—" Sir, will this speech, which is, I think, supplementary to the speech of the Hon. Finance Minister, be printed and distributed to us before we actually start discussion on the Budget on Monday next? "

* THE HON. SRI C. RAJAGOPALACHARI :—" This is not really a part of the Finance Minister's speech. This is merely a summary of that speech, which is not important for the discussion. Further, we cannot arrange to print this so quickly, especially when a Sunday is intervening."

V.—PRIVILEGE MOTION *RE* LEAKAGE OF INFORMATION REGARDING GOVERNMENT'S TAXATION PROPOSALS.

MR. CHAIRMAN :—" I have received notice of a Motion given by Mr. Adityan regarding a question to be referred to a Committee of Privileges. He will now move his Motion."

* SRI S. B. ADITYAN :—" Mr. Chairman, Sir, the Motion I have given notice of runs as follows :—

> '*The question of breach of privilege of the Members of this House arising out of the publication in newspapers of the taxation proposals contained in the Hon. Finance Minister's Budget speech, before they were available to the Members of this House, be referred to a Committee of Privileges to be constituted under Rule* 143 *of the Council Rules.*'

Sir, I shall briefly state the facts of the case. While reading through the speech of the Hon. the Finance Minister, we find that many of these Budget proposals have actually been published in the newspapers on the 18th and the 19th of this month, though we, Members of this House, came to know of them only to-day, the 27th June. Regarding the increased levy of sales tax on the sale of petrol, the information was published in the morning editions of certain newspapers on the 19th instant. I have got the copies of those newspapers; in case the Chairman wants to peruse them, I shall hand them over to him. In the 'Indian Express' of the 19th instant, we find that this item is actually mentioned as item number one. It mentions it as a little increase in the sales tax on the sale of motor spirit. Again, with regard to the betterment levy which is mentioned as item (*d*) of the proposals for additional taxation in the Hon. Finance Minister's speech, the same newspaper says, 'It is proposed to levy a betterment fee on land.' This is mentioned in the 'Mail' also under huge headlines. We are now therefore faced with a serious situation, viz., some newspapers have actually published these proposals about 8 or 9 days before they were placed before the Members of this House. Even the levy of sales tax on foreign liquors is mentioned in the newspapers. It is mentioned as follows: 'A special tax is to be imposed on a new article'. So, Sir, as I said, we are now faced with a serious situation, namely, that certain newspapers have published news about the